

July, 2009

First Advantage Assessments Prove Successful in Recruiting

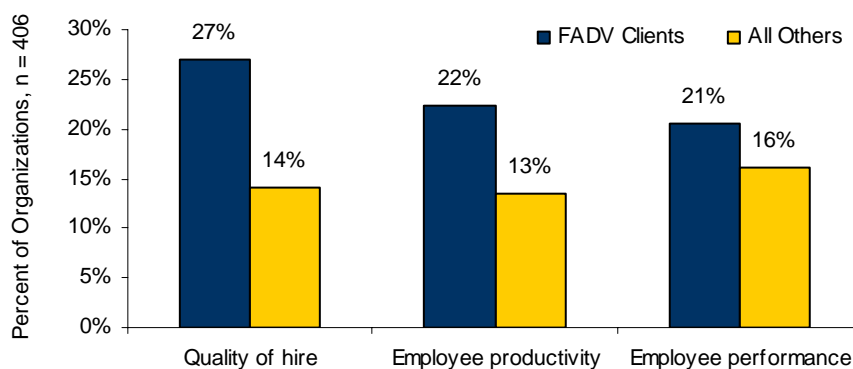
In March 2009, Aberdeen Group published the *Assessments in Talent Management* report. The study for the report included data from more than 500 distinct organizations, and findings indicated that nine out of 10 organizations are currently using assessments to screen candidates (for skills, fit, personality, etc.) in the pre-hire / pre-interview stage. First Advantage (FADV) - specifically its Employer Services division - had a substantial representation of respondents with 30 organizations using its pre-hire assessment solutions. Like most of its peers, all of FADV clients in the sample use its products in selecting applicants to interview or making the final hiring decision.

Upon a closer examination of the sample, we found that companies using FADV for pre-hire assessments are more than twice as likely as all other organizations (all others) to have achieved Aberdeen's Best-in-Class designation for this study. In fact, 37% of the companies that indicated they utilize FADV for assessments achieved this lofty designation.

Analysis and Findings

For its research report on assessments, Aberdeen used year-over-year performance improvement across three Key Performance Indicators (KPIs) to determine the Best-in-Class: quality of hire, employee performance, employee productivity. These KPIs provide a measure of impact in both pre- and post-hire efforts. As illustrated in Figure I, FADV clients have achieved substantially better year-over-year performance gains across each.

Figure I: Year-over-Year Improvement in Best-in-Class KPIs



Source: Aberdeen Group, March 2009

Research Brief

Aberdeen's Research Briefs provide a detailed exploration of a key finding from a primary research study, including key performance indicators, Best-in-Class insight, and vendor insight.

Best-in-Class Criteria

The following metrics were used to determine Best-in-Class, with top performers achieving impressive results:

- ✓ Improved overall employee performance on average by 37%
- ✓ Increased employee productivity on average by 32%
- ✓ Boosted quality of hire on average by 32%

Best-in-Class: Top 20% of aggregate performance scorers

Industry Average: Middle 50% of aggregate performance scorers

Laggards: Bottom 30% of aggregate performance scorers

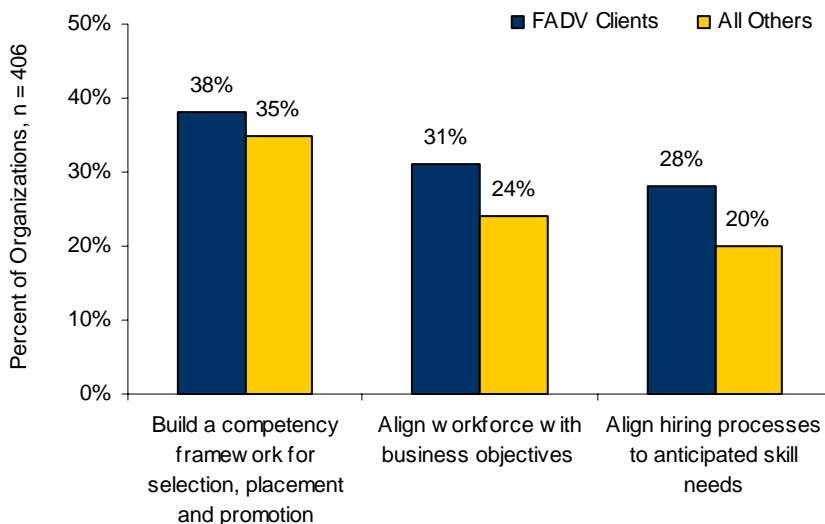
The Focus: Improving Hiring Decisions

Given the current expansion in the talent market, the need to fine-tune recruitment efforts has never been greater. The goal is clear: quality over quantity. While the focus on sourcing and job advertising has decreased, screening and selection efforts have been stepped up. All of FADV clients sampled for this study currently use assessments to screen for fit, skills, etc. in the pre-hire / pre-interview stage. Not surprisingly, these companies are more than twice as likely as their counterparts to use assessments to address the need to improve the recruitment process, especially when it comes to cost. Twenty-seven percent (27%) of FADV clients cited high recruitment costs as a top challenge they aim to address via assessments compared to only 14% of all others.

Differentiators

To improve recruitment costs and improve quality of hire, organizations that are using FADV assessments are focusing on the pre-hire phase. The top three strategies they pursue to address recruiting challenges are building competency frameworks, aligning the workforce with business objectives (which has just as much significance pre-hire as it does post-hire because it begins with recruiting those who fit the culture and continues through the learning and development stage) and aligning hiring processes to anticipated skill needs (Figure 2).

Figure 2: Top Strategic Actions



Source: Aberdeen Group, March 2009

Executing these strategies requires instituting a combination of processes and cultural capabilities as well as adopting some tools that ensure assessments are yielding the results FADV clients hoped to see when they decided to invest in them.

Fast Facts

Top Four reasons why organizations chose First Advantage's assessment solutions:

- ✓ Ability to customize to meet specific needs - 46%
- ✓ Price - 43%
- ✓ Ability to integrate tests and data with other HR or talent management software - 39%
- ✓ Usability for candidate or employee - 39%

Process and Organizational Capabilities

Consistency in using assessments is critical to ensure that they are applied fairly and that the data is leveraged in a timely manner. Eighty-seven percent (87%) of FADV clients have a process to consistently assess candidates for targeted positions and incorporate scores into hiring decision - compared to 56% of all others. Whether pre-interview, pre-offer, or post-offer, ensuring that assessments are given to candidates uniformly enables hiring managers to leverage the results and compare all candidates or finalists simultaneously. This also adds predictability to the hiring process where recruiters, hiring managers and candidates are aware of the progress of the application.

From an organizational standpoint, FADV clients are 79% more likely than all others to have a trained and qualified staff person to administer and interpret the results of candidate assessments. This is a critical capability as it ensures that the methodology is communicated accurately to the hiring manager, and more importantly, it makes the organization better equipped to defend its hiring or placement decisions.

Knowledge Management and Competency Management

From a data management perspective, FADV clients have three key capabilities in place that ensure data is stored, used, and shared effectively.

They are 49% more likely than all others to maintain a central repository of all assessment data. They are also 83% more likely to integrate assessment data with other talent management applications. This is especially important for recruitment as integrating assessments with a recruitment management system or an applicant tracking system provides analytics capability and visibility into the recruitment pipeline, which enables managers to rank candidates according to their competencies.

In addition, integrating assessment data with performance management and learning enables organizations to compare an individual's progress against their specific gaps, and prescribe learning content that is most suitable for them. Lastly, from a knowledge sharing point of view, 90% of FADV clients currently make candidate data available to hiring managers. Hiring managers must have access to the pre-screen assessment data to ensure that they ask the correct questions in the interview process. Even when candidates "fail" their pre-hire assessment, sharing that data with managers will give them a better idea of the availability of skills in the talent market.

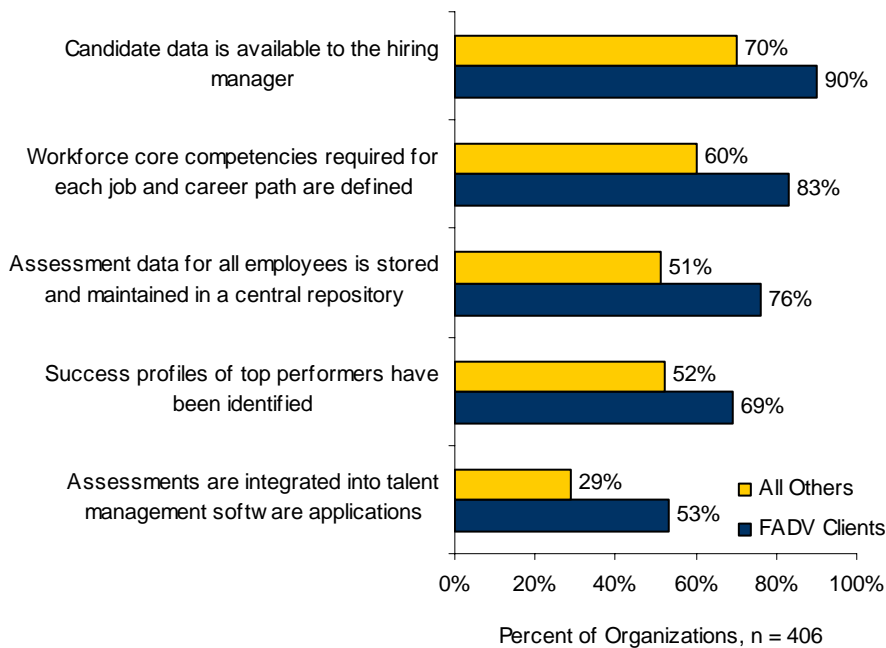
Fast Facts

- √ 87% of First Advantage's clients have a process to consistently assess candidates for targeted positions and incorporate scores into hiring decision - compared to 56% of all others
- √ 70% of First Advantage's assessment clients have a trained and qualified staff person to administer and interpret the results of candidate assessment compared to just 39% of all others

"After standardizing the pre-hire assessment process and adding First Advantage's SkillCheck product, things are streamlined and it is easier to administer paperwork."

~ Executive Director, HR
Administration, US-based
Gaming and Resort Company

Figure 3: Key Knowledge Management Capabilities



Source: Aberdeen Group, March 2009

Another element that FADV clients are solidifying is competency management - an area that was shown to be a critical differentiator for Best-in-Class organizations in the March study. As shown in Figure 3, the top strategy they seek to execute via assessments is to build a competency framework against which the organization can make better selection, placement and promotion decisions. To this extent, FADV clients are 38% more likely than others to establish a baseline by defining the core competencies (skills, knowledge, abilities, and behaviors) required for each job. This is critical for recruiting, because assessments can then be used to identify the gap that exists between a candidate's profile and the skill set required to perform the job competently.

Moreover, FADV clients are 33% more likely to define the competency profiles of their top performers. Defining these profiles or competencies of top talent gives an organization a target against which to assess its employees. After a target is identified, assessments can be applied to identify the gap that would be filled by an individual employee to attain performance or development goals. Moreover, having these target profiles - especially with expanding talent pools - ensures the bar is set relatively high when searching to fill open requisitions. Setting ambitious recruiting goals in a lax labor market is a real option.

Performance Management

Performance management in this case is the ability to manage assessments and measure their impact on the organization. Eighty percent (80%) of

Fast Facts

- ✓ 63% of First Advantage's clients support their pre-hire assessments with tools to build competency models or libraries
- ✓ 72% of First Advantage's assessment users automate assessments as part of the recruiting process

FADV clients have clearly defined metrics against which the impact of assessments are measured, compared to just 47% of all others. The data also shows that 70% of these companies have a process to regularly review the impact of assessments on key business metrics - compared to just 38% of their counterparts. Prior to investing in an assessment initiative, it is vital to identify the pain points that must be addressed. Then, corresponding metrics must be defined to ensure that the initiative is carried out successfully and the ROI is realized. If an organization implemented assessments to improve quality of hire, metrics such as hiring manager satisfaction, recruitment costs, new hire retention, and time-to-productivity should be tracked.

Enablers

As mentioned earlier, FADV clients are more advanced in using competency management capabilities to support their assessment initiatives. Not surprising, FADV clients are 53% more likely than all others to support their assessment initiatives with competency modeling tools or libraries. Moreover, they are nearly twice as likely as their counterparts to automate assessments as part of the recruitment process. In terms of the type of assessments that FADV clients currently utilize to improve recruitment:

- 77% use behavior-based assessments
- 77% use skill-based assessments
- 63% use cognitive-ability / critical thinking assessments

Case in Point

Take, for example, the case of a leading gaming company that is based in the United States, and owns and operates three properties. The challenge that the company was facing nearly one year ago was that its application process was paper-based, increasing the time HR needed to spend on tactical recruitment activities. It was faced with two challenges: One, it needed to increase efficiency by streamlining the candidate application process. And two, it needed to improve the quality of hire by bringing onboard those with integrity and collaborative spirit – two attributes necessary to thrive in their environment. To do this, the company decided to implement a standardized assessment process across all three of its properties to screen employees before offer acceptance. In previous years, the company was experiencing a turnover rate hovering between 20% and 23%. According to its Executive Director of Human Resources Administration, after the implementation of an assessment solution, “things are streamlined and it is easier to administer paperwork.” As its process has only been in place for a year, the director and her team are very optimistic about anticipated improvements in turnover, increased operational efficiency, and a greater understanding of the true value of these pre-employment assessments moving forward.

About First Advantage

First Advantage provides a comprehensive suite of talent acquisition solutions specifically designed to help reduce the time and cost associated with recruiting, applicant tracking, screening and ongoing retention processes. Its main assessment products fall under two primary products: Identity and SkillCheck.

The Identity product line provides a wide range of behavioral traits and cognitive abilities including customer service attributes, sales attributes, risk factors, Cognitive abilities in math, language, and logical thinking.

The SkillCheck product line provides assessments on a range of employment skills including computer literacy and software skills, clerical and administrative skills, professional knowledge and skills in areas such as IT, accounting, law and medicine.

For more information, visit www.fadv.com.

Summary and Recommendations

Aberdeen's research revealed that on average, all organizations that currently use assessments have achieved year-over-year improvements in Best-in-Class metrics - quality of hire 17%, employee performance 18%, overall retention 10%, and productivity of 14%. However, clients of FADV have experienced higher performance improvements than their counterparts (those that currently use other than First Advantage's products) across all metrics researched as part of Aberdeen's 2009 Assessment research report (Table 1).

Table 1: Year-over-Year Improvement in Other Metrics

Average Improvement in KPIs	FADV Clients	All Others
Customer satisfaction	30%	12%
Employee engagement / satisfaction	26%	12%
Hiring manager satisfaction with new hires	26%	14%
Revenue per employee	21%	9%
HR compliance rates	20%	10%
Certification compliance rates	19%	8%
Overall workforce retention	18%	9%
Recruiting costs / Cost per hire	15%	10%

Source: Aberdeen Group, March 2009

From improved hiring manager satisfaction to lowering recruitment costs, First Advantage assessment clients are achieving better results than their counterparts when it comes to utilizing pre-hire assessments. Subsequently, when asked to rate their satisfaction with their selection decisions on a scale of 1 to 5 (1 being very dissatisfied and 5 being very satisfied), FADV clients on average cited a rating of 4.11 while all others rated satisfaction with their organization's selection decisions a 3.69. As we showed, its strength in performance is due to several differentiators including storing the data and leveraging it consistently, competency management, and regularly monitoring the impact on workforce and business metrics. Nevertheless, there are still areas where FADV clients can improve:

- All FADV clients currently use assessments to make hiring decisions; however, only 52% use it to determine promotion readiness and 45% use the results to determine employee development paths. Our benchmark report showed that Best-in-Class prowess in assessments lies in the ability to leverage assessments post-hire for developing and promoting employees. Lastly, it is imperative to ensure that promotion metrics are defined for each position when considering the use of assessments for promotional readiness. Currently, only 47% of FADV clients do so.

- Although 72% of them currently automate assessments as part of the recruitment process and they are more likely than others to integrate data with other talent management applications, only 53% of them leverage this data. Thus, there is still room to improve. The data is there, and therefore, they must continue to leverage it to make promotion decisions, prescribe learning content and identify development tracks.

For more information on this or other research topics, please visit www.aberdeen.com.

Related Research

[Assessments in Talent Management: Strategies to Improve Pre- and Post-hire Performance](#); March 2009
[The 2009 HR Executive's Agenda](#); December 2008

[Succession Management: Addressing the Leadership Development Challenge](#); October 2008
[Talent Acquisition Strategies](#), July 2008

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